

Spotsylvania County
Board of Supervisors Agenda
Executive Summary

Meeting Date: November 27, 2018

Title: Budget Adjustment and Appropriation Shifting Schools' Debt
Service Savings to Schools' Capital Projects Fund

(Check Mark)

<input type="checkbox"/>	Consent	<input type="checkbox"/>	Closed Meeting
<input checked="" type="checkbox"/>	Action	<input type="checkbox"/>	Public Hearing
<input type="checkbox"/>	No Action (Information Only)	<input type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	Resolution (Appropriation)	<input type="checkbox"/>	Power Point Presentation

Recommendation: Staff recommends that the Board of Supervisors approve the budget adjustment and appropriation attached.

Summary: The Schools' Finance staff recently approached County Finance staff to alert us that based on their earlier start time for the school year, they may need to start a few FY 2020 capital projects in the Spring of 2019 in order to get the projects finished ahead of school opening in August 2019 for the 2019 – 2020 school year. They indicated they will likely need approximately \$2.0 million fronted to them from their FY 2020 Capital Projects Fund budget to accomplish these projects in a timely manner.

Fortunately, due to an atypical turn of events, this need can be met through reallocation of local funds within the Schools' existing FY 2019 Budget. Typically, when we issue bonds, we have a principal and an interest payment in the first fiscal year following issuance. However, the 2018 bonds were established in such a way to include only an interest payment in FY 2019, with the first principal payment due in July (FY 2020). This causes there to be \$2.6 million in excess funding budgeted for Schools' debt service in FY 2019.

Finance staff recommends reallocation of the Schools' one-time \$2.6 million debt service savings from the School Operating Fund to the School Capital Projects Fund. This recommendation resolves an unexpected situation by allowing for:

- \$2.6 million to be on hand to meet the \$2.0 million the Schools' staff is anticipating needing for projects at the end of FY 2019;
- the Schools' FY 2020 CIP to be reduced by \$2.6 million compared to what otherwise would have been budgeted in FY 2020; and
- \$2.6 million in Schools' capital projects to be funded with cash instead of through borrowed funds.

We have spoken with Schools' staff on this matter, and they are in agreement with this approach. They have requested that the Board of Supervisors take action on this matter ahead of the School Board making changes to the Schools' budget.

Board Committee/Other Committees: Finance Committee

Review Date: November 20, 2018 **Status:** Recommended approval

Financial Impact: Please see the attached budget amendment and appropriation.

Attachments:

1. Budget Amendment
2. Appropriation

Staff Contacts: Mary Sorrell, Finance Director
 Bonnie Jewell, Budget Manager

Additional Background/Other Considerations: None.

Consequence of Denial/Inaction: If denied, though excess funding will exist in the debt service category within the School Operating Fund, adequate funding will not exist in the School Capital Projects Fund to align with anticipated cash flow needs of the Schools' projects and projects will need to be delayed until funding is available in FY 2020.

FY 2019 Budget Amendment Request Form

Date: 11/27/18

Department: Finance

Contact person: Mary Sorrell, Finance Director
Bonnie Jewell, Budget Manager

Phone #: 507-7598

Phone #: 507-7583

Explanation of need for budget amendment: The Schools' Finance staff recently approached County Finance staff to alert us that based on their earlier start time for the school year, they may need to start a few FY 2020 capital projects in the Spring of 2019 in order to get the projects finished ahead of school opening in August 2019 for the 2019 – 2020 school year. They indicated they will likely need approximately \$2.0 million fronted to them from their FY 2020 Capital Projects Fund budget to accomplish these projects in a timely manner.

Fortunately, due to an atypical turn of events, this need can be met through reallocation of local funds within the Schools' existing FY 2019 Budget. Typically, when we issue bonds, we have a principal and an interest payment in the first fiscal year following issuance. However, the 2018 bonds were established in such a way to include only an interest payment in FY 2019, with the first principal payment due in July (FY 2020). This causes there to be \$2.6 million in excess funding budgeted for Schools' debt service in FY 2019.

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Reminder: Agenda item summary must be attached if BOS approval is required.

Revenue Accounts Adjusted		Amount	
Acct #	210-0000-341.06-01 – Transfer from General Fund	\$	(2,610,663)
Acct #	320-0000-341.06-01 – Transfer from General Fund	\$	2,610,663
	Total Revenue Adjustment	\$	0

Expenditure Accounts Adjusted		Amount	
Acct #	110-9210-492.99-21 – Transfer to School Operating Fund	\$	(2,610,663)
Acct #	110-9210-492.99-32 – Transfer to School Capital Projects Fund	\$	2,610,663
Acct #	210-6100-452.61-07 – Schools Debt Service	\$	(2,610,663)
Acct #	320-9199-493.61-08 – School Capital Projects	\$	2,610,663
	Total Expenditure Adjustment	\$	0

Note: If amendment is between expenditure accounts only, net impact must be zero.

Position FTE Change		
Position Title	Existing FTE	Adjusted FTE

Transfer requests must be signed by the requestor(s). In the case of transfers between departments or capital projects, the transfer request must be signed by the director of each affected department, or by the project manager of each affected capital project. A typed signature will be accepted.

Name, Department

Name, Department

Recommendations

Budget: ☒ recommended ☐ not-recommended

Explanation if not recommended:

County Admin: ☒ recommended ☐ not-recommended

Explanation if not recommended:

Finance Committee: ☒ recommended ☐ not-recommended

Explanation if not recommended:

**SPOTSYLVANIA COUNTY
Board of Supervisors**

FISCAL YEAR 2019 APPROPRIATION

Board of Supervisors

November 27, 2018

BE IT RESOLVED by the Board of Supervisors of the County of Spotsylvania, Virginia, that the following appropriation be, and the same hereby are, made for the fiscal year beginning July 1, 2018, from the funds and for the functions or purposes indicated.

Reallocation of excess debt service funding to be used to meet school capital projects cash flow needs in FY 2019, to be expended only by order of the Board of Supervisors as follows:

SCHOOL OPERATING FUND: (\$2,610,663)

SCHOOL CAPITAL PROJECTS FUND: \$2,610,663